

VZCZCXYZ0002  
RR RUEHWEB

DE RUEHAC #0077/01 0231206  
ZNY CCCCC ZZH  
R 231206Z JAN 06  
FM AMEMBASSY ASUNCION  
TO RUEHC/SECSTATE WASHDC 3652  
INFO RUCNMR/MERCOSUR COLLECTIVE  
RUEHNR/AMEMBASSY NAIROBI 0096  
RUMIAAA/USCINCSO MIAMI FL//SCJ5//  
RHEHNSC/WHITE HOUSE NSC WASHDC

C O N F I D E N T I A L ASUNCION 000077

SIPDIS

SIPDIS

NAIROBI FOR MICHAEL FITZPATRICK  
SOUTHCOM FOR POLAD BARBARA MOORE  
NSC FOR SUE CRONIN

E.O. 12958: DECL: 01/23/2016  
TAGS: [PGOV](#) [PREL](#) [PINR](#) [KDEM](#) [PA](#)  
SUBJECT: PARAGUAY: THE OPPOSITION'S DEBILITATING  
FRAGMENTATION

REF: 05 ASUNCION 729

Classified By: PolOff Mark A. Stamilio, reason 1.4(d).

11. (C) Summary: Paraguay's ruling Colorado Party has dominated the country's political system for several decades by means of a political machine that it sustains through patronage and effective control of the Executive, the judiciary, and numerous state-run enterprises. Pervasive corruption, weak government institutions, rampant impunity, a complacent electorate, and a history of authoritarianism combine to perpetuate the Colorado Party's hold on power. The country's relatively passive opposition parties lack defining ideologies, vision, leadership, unity, and agendas for change. They tend to operate within the same system of political spoils that enables the Colorado Party to remain in power, and in many cases agree to compromises with the Colorados in exchange for favors, jobs and money. None of the opposition parties is presently considered a serious threat to Colorado Party dominance, leaving competition within the Colorado Party of critical importance. Ironically, the only current figure considered a threat to Colorado dominance of the Executive is imprisoned coup plotter Lino Oviedo, who is legally prohibited from running for office. Colorado political dominance has been declining in recent years (Duarte with just 37 percent of the vote over a divided opposition and the Colorados lost seats in both houses of Congress) but none of the opposition pygmies yet measures up to the declining Colorado giant. End Summary.

-----  
Colorado Party Dominance  
-----

12. (U) The Colorado Party (Asociacion Nacional Republicana, or ANR) was founded in 1887, one month after rival politicians formed the Liberal Party (Partido Liberal Radical Autentico, or PLRA). In power since 1947, the Colorados have ruled for more consecutive years than any other party in the world, including the Communist Parties in Cuba and China. General Alfredo Stroessner dominated the party from 1954 to 1989, and used the party apparatus, the military, and the bureaucracy to exercise control over the country. Since the end of the dictatorship, the country has installed five Presidents by constitutional means -- four were democratically elected; one came to power by constitutional succession. All five were Colorados.

13. (C) Despite an ongoing consolidation of democracy in Paraguay, the Colorado Party continues to dominate the country's political system by means of a political machine

that it sustains through patronage and effective control of the Executive, the judiciary, and numerous state-run enterprises. The machine functions nationwide, with organization down to the neighborhood level, and a strong presence in the countryside that exceeds the presence of state institutions themselves. It confers jobs, assistance and status upon those who demonstrate loyalty to the party and its power brokers. Additionally, it enjoys access to state funds and the proceeds of the country's two hydro-electric dams (Itaipu and Yacyreta) and state-run enterprises such as the electric, water and petroleum companies (ANDE, ESSAP and PETROPAR, respectively). A recent report indicates that Colorado Party membership has grown to 1.7 million, which represents more than half of Paraguay's voting-age population.

-----  
Societal Conditions Favor the Status Quo  
-----

¶4. (C) Pervasive corruption and weak government institutions leave ample room for the Colorados -- and, to a lesser extent, power brokers from other parties -- to wield influence by doling out jobs, favors and money in exchange for loyalty and votes. Low respect for the rule of law permits corrupt officials to act with impunity. Such impunity naturally favors those in charge. The country's civil society is still nascent; its electorate remains complacent. Many Paraguayans view political corruption as inevitable, and patronage as the only way to secure benefits in an intrinsically corrupt system. Although the press is independent and critical, its reporting is unprofessional and biased, diminishing its credibility. As a result, many Paraguayans routinely discount press reports of officials' corrupt or illicit acts as nothing more than politically motivated attacks.

-----  
Debilitating Fragmentation  
-----

¶5. (U) The 35-year dictatorship notwithstanding, Paraguay has a long history of opposition politics; yet that history has traditionally been one of personal rather than ideological rivalries. The Colorado and Liberal parties, which were founded almost simultaneously in 1887, were both "liberal" to the extent they were ideological; but they were founded by rival politicians. In more recent times, most parties, including the Colorados and Liberals, have members whose political views span the entire ideological spectrum, more akin to interests than principles. The system of patronage that evolved in the 20th century reinforces this trend, since loyalty to one's patron, and the spoils one receives in return, is based on personal ties having little or nothing to do with political ideology. Many people are born into parties like into religions. Others are recruited through favors. Ideas have little to do with it.

¶6. (C) As a result of this trend, competition among rival factions within parties is often more fierce than competition among parties. At the same time, the lack of a defining ideology prevents the opposition from formulating a coherent agenda, beyond merely wanting to defeat the Colorados. In many cases, opposition parties or factions agree to compromises with the Colorados in exchange for favors, jobs and money, eliminating defeat of the Colorados as a common objective. Until a leader with broad national support emerges to unite the opposition, its chances of defeating the Colorados will remain slim. A figure coming from outside traditional opposition parties, either a strongman such as Lino Oviedo (currently in jail and ineligible for office) or a figure from a new party, is the most likely eventual challenger.

-----  
A Possible Common Objective  
-----

¶7. (C) Absent the emergence of an opposition leader with broad national support, there appears to be one issue in

particular that could potentially improve the opposition's chances of defeating the Colorados -- a constitutional amendment requiring second-round ("run-off") elections in the event that no presidential candidate receives a majority of the popular vote. Many in the opposition see this as their only hope of winning a presidential election; mathematically speaking, that appears to be the case. President Duarte has signaled his support for a Constituent Assembly that would agree to an amendment allowing him to run for re-election. In return for such a concession, it is expected that the opposition would insist on run-off elections. However, several of Duarte's supporters, noting that Duarte was elected in 2003 with only 37 percent of the vote, have told EmbOffs that the Colorado Party remains opposed to run-off elections out of genuine concern that the opposition could defeat the Colorados. Meanwhile, the opposition has announced that it opposes a Constituent Assembly, seeking to deny Duarte any prospect of being re-elected. (Note: The Constitution stipulates the need for two-thirds support in both houses of Congress as a prerequisite to call for a Constituent Assembly. Given the fact that the Colorados lack even a simple majority in either house, they will need to win significant opposition support to gain approval for a Constituent Assembly. End Note.)

-----  
The Liberal Party -- Content Playing Second Fiddle?  
-----

18. (C) The Liberal Party, founded in 1887, is Paraguay's oldest and second largest political party after the Colorados. It dominated the political system from 1904 to 1940, during which time 21 different Liberal governments ruled the country. However, the party has not governed Paraguay since 1940. While some of its leaders espouse traditional "liberal" values, including respect for the rights of individuals, open societies and free markets, and, as such, look generally favorably on good relations with the U.S., as a party it is not governed by a coherent ideology. Rather, like the Colorado Party, it has members who advocate policies that span the entire ideological spectrum. Over the years, it has established a party structure that extends across the entire country, with affiliation largely based on familial ties. Persons born into Liberal families generally

remain Liberals throughout their lives, even if they come to espouse policies that might associate them more closely with another political party. Although the party has an extensive presence nationwide, it is strongest in the cities and among more educated and wealthier segments of the population.

19. (C) While the Liberal Party barely polled second to the Colorados in the 2003 elections, it is presently not considered a serious threat to Colorado Party dominance. Its current leader is Blas Llano, a member of the Chamber of Deputies who was elected PLRA president in July 2005. Llano has not proven effective in uniting the party's disparate factions, much less in establishing a platform to challenge the Colorados. In recognition of this fact, Llano is seeking to form an alliance with other opposition parties in preparation for the 2008 national elections. Though the Liberals have 12 seats in the Senate (out of a total of 45) and 21 in the Chamber of Deputies (out of a total of 80), these congressmen are divided among three factions. Last June, three Senators from the two smaller factions allied themselves with the governing Colorado Party on a number of controversial decisions, mostly pertaining to key political appointments. While the dissidents' defection provoked a strong rebuke from the PLRA leadership, many viewed it only as a more blatant manifestation of the party's readiness to compromise with the Colorados in exchange for favors, jobs and money. The Liberals can boast no strong leader with broad national support. Few believe that the PLRA is prepared to undertake the kind of structural reforms required to attack Paraguay's system of political spoils, having grown all too comfortable enjoying the benefits of the current system founded on deals with the Colorados.

-----

## The Social-Christian Beloved Fatherland Party

---

¶10. (C) The Beloved Fatherland Party (Patria Querida, or PQ) was founded as a social-Christian movement in 2001 by businessman Pedro Fadul. The product of mostly Catholic leaders, it lacks a firm ideological core. It mixes a center-right and business-oriented core with more leftist factions, and sometimes takes a populist stance on social issues to attract more support from the poor. Its followers are mostly urban professionals and middle class. Few of its leaders have long political experience, except a handful who transferred over from the National Encounter Party (Partido Encuentro Nacional, or PEN), a social-democratic party on the decline. PQ stresses anti-corruption and good governance as its driving themes. It is generally pro-U.S., but has occasionally shown a readiness to adopt, opportunistically, a critical stance with respect to President Duarte's policies toward the U.S. (e.g., on the visit of SECDEF Rumsfeld or military exercises with the U.S.) in pursuit of wider popular support.

¶11. (C) In 2003, PQ surprised many political observers by placing third in national elections, only a few percentage points behind the Liberal Party. It has seven seats in the Senate and ten seats in the Chamber of Deputies. When President Duarte assumed power in 2003, PQ joined the other opposition parties in signing a pact with the Colorados to advance reform. As part of that pact, PQ alone supported the Colorado Party's successful bid to adopt tax reform legislation, including introduction of a personal income tax and other steps to advance formalization of Paraguay's economy. Much of the media and the opposition, however, characterized this law as harmful to the poor -- notwithstanding the fact that its most onerous provisions are directed at a relatively small circle of wage earners who can best be described as upper-middle class -- producing a backlash for PQ and its credentials with Paraguay's poor. PQ's leaders are insistent on taking a long view to expanding their base and establishing their credibility. Considered an Asuncion-based party, they are working hard to establish a presence in the interior of the country. Whereas the Liberals and the National Union of Ethical Citizens Party (Union Nacional de Ciudadanos Eticos, or UNACE, Lino Oviedo's creation) are keen to form an alliance in a bid to challenge the Colorados, PQ remains intent on establishing its own identity and is disinclined to bet its future on an alliance with the Liberals, whom it regards as guilty of many of the Colorado's same sins.

---

### Lino Oviedo's UNACE Party

---

¶12. (U) UNACE arose in 2002 when convicted coup plotter Lino Oviedo and a majority of his backers bolted from the Colorado Party. UNACE did remarkably well in the 2003 elections considering that its leader, Oviedo, was barred from running for office and the party equivocated for months whether to ally with the PLRA in the presidential contest or field its own candidate. It elected seven senators and ten deputies to the national Congress, but two of its senators and two of its deputies have since returned to the Colorado fold, including the former leader of UNACE's Senate bench. UNACE competes with the Colorado Party for votes in the countryside, and its deputies hail from seven of the country's 17 interior departments. Although many observers assert that UNACE's membership is on the decline, the party's leaders claim that it is on the rise, and they interpret the results of recent polls to suggest that as many as one-third of the other parties' registered members would vote for Oviedo if he were permitted to run for President in 2008.

¶13. (C) Since his return to Paraguay from self-imposed exile in June 2004, Oviedo is serving a ten-year sentence for his role in a 1996 coup attempt. He faces additional charges related to the March 1999 assassination of Vice President Luis Maria Argana and the subsequent deaths of several student protesters. Separately, while Commander of the Armed

Forces during the Presidency of Juan Carlos Wasmosy, Oviedo was long rumored to be involved in drug smuggling and other illicit activities. Despite the legal proceedings against him, Oviedo recently placed first (with 17 percent), ahead of Duarte (with only 4.9 percent), in an opinion poll about potential presidential candidates. There is no close third-place contender. Oviedo is charismatic, and a tireless campaigner who spreads his ill-gotten wealth around the countryside. He has "down home" appeal and an innate ability to rally support, effectively using his native command of Guaraní, the first language of much of Paraguay's population in the interior. Much of the party rank and file exhibits fierce loyalty to him. If he were released from jail, he would mount a serious challenge to Duarte and the Colorados.

¶14. (C) Senator Enrique Gonzalez Quintana presently serves as UNACE party president. In public, Gonzalez toes the party line, but the former leader of UNACE's Senate bench, Senator Alejandro Velazquez, recently intimated that Gonzalez is not completely loyal to Oviedo. Nonetheless, securing Oviedo's release from jail and defeating the remaining charges against him remain the party's singular focus. UNACE is generally pro-U.S., and many of the party's members profess loyalty to the United States. However, the party's recent flirtations with Hugo Chavez's Venezuela (reftel) suggest that Oviedo's desire to align his party with the U.S. may be more a matter of political expediency (i.e., he recognizes that he will need U.S. support to be successful) than close ideological affinity.

-----  
The Social-Democratic Country in Solidarity Party  
-----

¶15. (U) The Country in Solidarity Party (Partido Pais Solidario, or PPS) was founded in 2000. It identifies itself as a small, progressive, social-democrat oriented organization, but, in reality, is more socialist than social-democrat. In line with its socialist leanings, the party's leaders are, at times, highly critical of the USG, particularly in the area of foreign policy. The party's following is limited almost exclusively to Asuncion, where its president once served as mayor. The party elected two senators and two deputies to the national Congress in 2003.

¶16. (C) PPS is currently split over whether or not to ally itself with the government, mostly as a product of the egos and ambitions of its key leaders. Historically, the party's leaders opposed the ruling Colorados. More recently, the party's president, Senator Carlos Filizzola, and his Senate cohort, Jose Morinigo, have aligned themselves more closely with the Colorados in order to secure Filizzola's bid to become President of the Senate last July. Rafael Filizzola (Carlos' cousin) and his cohort in the Chamber of Deputies, Lino Aguero, remain staunchly opposed to the Colorados' agenda. Rafael Filizzola recently announced his candidacy for mayor of Asuncion. Meanwhile, Carlos Filizzola has his sights set on the Presidency. Although he does not enjoy the national support needed to propel him to the Presidency, recent polls suggest that his incumbency as President of the

Senate has boosted his image and name recognition. Many allege that his deals with the Colorados have stripped him of his integrity, however, and hurt his credibility as a national leader.

-----  
The Declining National Encounter Party  
-----

¶17. (C) The National Encounter Party was founded in Asuncion in 1991. It began with the stated goal of building a freer, more just and fraternal society. PEN's articles describe its political philosophy as independent and a purveyor of democratic principles of participation, pluralism and decentralization.

¶18. (C) PEN was once considered the "third option" to the Colorado and Liberal parties. However, its electoral



strength was whittled down to almost nothing by the stigma of having been a coalition partner with the Colorados during the Gonzalez Macchi administration. In 2000, most of its adherents joined PQ or PPS, including Carlos and Rafael Filizzola. Its only remaining elected official at the national level is Senator Emilio Camacho, who is rumored to be leaving the Senate for a possible judicial appointment, and perhaps leaving PEN altogether. Camacho's departure would effectively destroy the party. PEN may not survive the next election.

-----  
Comment  
-----

¶19. (C) It appears likely that the Colorado Party will continue to dominate Paraguay's political system for the foreseeable future, and that the opposition will remain weak for its lack of a defining ideology, vision, strong leadership, unity and an agenda for change. The opposition's only immediate prospect for defeating the Colorados lies in its uniting. Its current disinclination to agree to a Constituent Assembly that would establish an electoral system based on run-off elections places primacy on forging an alliance in the run-up to the 2008 elections. To date, however, the opposition has demonstrated significant difficulty in uniting internal factions, much less forging an alliance across party lines, suggesting that the immediate prospects for a broad-based opposition alliance remain long for the time being. Despite decades of authoritarianism and a remarkable history of failure at everything but staying in power, the Colorados don't yet face a strong challenger. This makes internal Colorado elections vital. Given continuing public disgust at economic misery and other problems, the Colorados should be ripe for defeat. In politics, however, you can't beat something with nothing; the opposition has yet to notice.  
CASON